

## I. Introduction

Seventy percent of Africa's poor are rural farm families, trapped in a permanent state of subsistence-level farming. They face shockingly low farm yields: everything they grow, they consume, and still they face an annual "hunger season" of meal-skipping and substitution. Without surplus to sell for income, they are unable to invest in the technologies they need to increase their yields – thus perpetuating a cycle of severe hunger and extreme poverty.

Founded in 2006, One Acre Fund has developed and proven a solution to interrupt this oppressive cycle; enabling our clients to alleviate hunger and begin a path to prosperity. We provide every farm family with our "market bundle" of services: 1) financing for improved farm inputs, 2) delivery to the villages where farmers live, 3) agricultural training, and 4) post-harvest support. On average, One Acre Fund farmers increase their incomes by 40-45% compared with their non-enrolled neighbors on activities we support. Farmers typically invest their new income productively in nutritious foods, children's school fees, new business ventures, home improvements, and life-improving assets like livestock.



*Tanzanian farmers Felister Msena and Barton Kilenyi tripled their harvest after joining One Acre Fund. They used their income to buy three cows and some pigs.*

## II. One Acre Fund's Catalytic Partnership with Focusing Philanthropy

One Acre Fund remains deeply grateful for Focusing Philanthropy's longstanding partnership. Since 2013, your support for our expansion has enabled us to adapt and prove our program model during the crucial early years of entering new countries and geographic contexts. We achieved the milestone of serving 1 million farmers in 2019, and undoubtedly, we could not have reached this goal without your partnership – your organization supported the launch and/or expansion in six out of the eight countries we serve in sub-Saharan Africa. Separately, your ongoing support for our agroforestry work is enabling us to provide farmers with millions of trees across eight African countries, helping unlock a wide range of financial and environmental benefits for rural communities.

After funding our expansion in successive years in Tanzania, Malawi, Uganda, and Zambia, in 2018 Focusing Philanthropy launched a campaign for expansion into Nigeria and new regions in Kenya. The "Eradicating Hunger Across Africa" campaign was a bold, two-year effort to raise \$2.2 million cumulatively, with \$1 of Focusing Philanthropy funding matching every \$2 raised by One Acre Fund. We are pleased to report that at the conclusion of this campaign, Focusing Philanthropy and One Acre Fund had collectively raised 100% of the goal.

Focusing Philanthropy's powerful partnership has helped shape our organization and will continue to alter the trajectory of millions of rural families in the coming years. The table below illustrates the large and growing proportion of One Acre Fund clients and beneficiaries in countries supported by Focusing Philanthropy. While 10+ year projections are inherently speculative, we expect that half of our core clients in the next decade will be in countries where your organization supported our expansion.

	2019	2020 (p)*	2030 (p)
Total clients (and family beneficiaries) across all One Acre Fund programs	1M (~6M)	1.26M (~6.6M)	4M (~24M)
Total clients (and family beneficiaries) in FP-supported country programs**	155,500 (~930,000)	240,000 (~1,440,000)	2M (~12M)

\*Our 2020 forecast is preliminary and was made before the onset of COVID-19. \*\*Includes the number of One Acre Fund clients and beneficiaries in Tanzania, Malawi, Uganda, Zambia, Nigeria, and expansion areas of Kenya.

### III. Our Expansion Methodology

Our expansion platform is one of the most powerful tools we have for growing impact, as it enables us to trial and launch our program in new geographies. Through this platform, One Acre Fund identifies potential countries or new geographies for expansion through a rigorous, multi-phase scouting process:

- **Phase 1, Market Analysis/Initial Scouting:** First, we research promising countries or new geographies within our existing program countries from afar, analyzing key indicators including population density, rainfall levels, and crop distribution. We then send a scout to high-potential areas to complete our analysis with on-the-ground surveys.
- **Phase 2, Initial Pilot:** If all indicators are positive, our scout sets up a small-scale farmer trial, to determine actual customer demand and physically test our model's impact.
- **Phase 3, Expanded Pilot:** Impactful trials are expanded from 100 farmers to 1,000+ farmers.
- **Phase 4, Full-Scale Launch:** If the larger pilot confirms our ability to successfully achieve scale, impact, and sustainability with local farm families, we launch a full-scale country program.

Focusing Philanthropy has been a vital partner in enabling us to carry out this work, towards our long-term goal of eradicating chronic hunger for more of sub-Saharan Africa's 50 million smallholder farm families. In the sections below, we outline our growth progress in the two countries supported by this campaign, Nigeria and Kenya.

### IV. Organization Update: 2019 Overview and COVID-19 Response

One Acre Fund experienced both successes and challenges in 2019. We reached the milestone of serving 1 million farmers, growing our core program by 25% year-on-year and helping an estimated 4 million children in clients' households escape the severest forms of poverty. At the same time, external factors including erratic weather in Kenya and Tanzania and shifting government regulations in Burundi led to below-target impact. Our evaluations show an average impact of \$96 per family – a modest improvement from 2018 (\$91) but below our three-year average (\$109). This result underscores the volatility of smallholder farming, particularly as a changing climate makes weather patterns less predictable. Nonetheless, One Acre Fund remained a powerful investment for the average farmer last year – our clients achieved 44% higher incomes on activities we support compared with their non-enrolled neighbors.



*Ugandan farmer Joyce Nabirye increased her harvest 10-fold after joining One Acre Fund. She used her income to build a new brick home for her family, complete with a metal roof (behind on the left). She uses her old house (on the right) to store her harvest.*

Today, One Acre Fund is operating in a rapidly changing environment due to the COVID-19 global pandemic, which is poised to bring even greater challenges to our clients. The virus is a growing presence in all our countries of operation, with evidence of both urban and rural community spread. The emerging health crisis threatens to quickly evolve into a food crisis for rural families – as communities move further into lock-down, opportunities to earn vital non-farm

income (e.g., via shops or local services) will steadily decrease, while rising health expenses will limit resources for purchasing food and other basic needs. Overall, we expect farm families to face immense spending pressure on fewer dollars, lowering investment in their greatest asset – their farms.

One Acre Fund is mobilizing our network to address the multiple layers of this crisis. Most immediately, we are rolling out health trainings to clients and staff; to ensure social distancing, farmers are receiving information via one-on-one sessions with Field Officers and SMS text messages. We are also leveraging our distribution channels to make mass deliveries of soap and related sanitation products. We are accelerating digitization of our core model to ensure uninterrupted support and productivity, and we are exploring ways to ease the financial burden on farmers through loan forgiveness and deferment.

The situation remains highly dynamic, and it is still uncertain what the long-term effects will be, both for our program and the farmers we serve. Whatever happens, One Acre Fund is open for business, and we stand ready to face this crisis head-on. Our work is vitally important not only for our clients, but also for bolstering national confidence in farm production when it matters more than ever. In addition to updates on the recently completed 2019 seasons in Nigeria and Kenya, the sections below also provide further information about how our Nigeria and Kenya teams are responding to COVID-19.

## V. Nigeria Update

Nigeria represents an opportunity for One Acre Fund to achieve transformative impact. As Africa’s most populous country, it is home to the greatest number of smallholder farmers on the continent. Our pilot, now in its third year, is headquartered in Minna in west-central Nigeria, an area that we found optimal based on its size, agronomic conditions, government relations potential, security, and other factors. Maize is a staple food in the region, and farmers typically grow crops during one long rainy season lasting from May to October. Please see the table below for an update on our key metrics:



Nigeria: Key Metrics	2018	2019		2020
	(actual)	(actual)	(target)	(target)
<b>Scale:</b> Number of farmers served	144	502	800	2,500
<b>Scale:</b> Est. total number of family beneficiaries	864	3,012	4,800	15,000
<b>Impact:</b> Average new income per farmer	Below target*	\$180	\$130	\$130
<b>Sustainability:</b> % of field expenses covered by farmer loan repayments	20%	30%	48%	59%

*\*Because of the small sample size of our pilot and our limited number of full-time Monitoring & Evaluation staff in our first season, we did not have enough data to make a dollar impact estimate for 2018. However, given farmer yield measurements, we believe highly likely that we missed our target.*

- **Scale:** We enrolled about 500 farmers in 2019, triple the amount of the prior year, but still below our ambitious target of 800 families. As a newcomer to the region, we are still working to gain farmer trust. This year, we are focusing our growth efforts on increasing client density in our existing sites rather than growing outward into new areas. We believe this will continue to help us build One Acre Fund’s reputation in Nigeria, and improve our financial sustainability as we increase the number of farmers served per Field Officer (a key driver of efficiency).
- **Impact:** We are pleased that 2019 was a strong impact year in Nigeria, with One Acre Fund farmers seeing large increases in maize yields relative to non-program neighbors. We unlocked \$180 in additional impact per farmer, well above our target. This translated to 23% higher

incomes for our clients on activities we supported, compared with non-program neighbors. At the same time, surveys indicate that many of our Nigerian clients chose not to sell their surplus maize last year, which may have muted the amount of actual income realized. Farmers' storing an above average quantity of their maize likely means an outsized impact on food security, but a lower impact on surplus income from crop sales to then spend on family needs. This year, we are offering new inputs for yams, a major cash crop in west-central Nigeria, with the aim of enabling farmers to further increase their incomes.

- **Sustainability:** Farmer loan repayments covered 30% of our field costs in 2019, below our target, yet roughly on track with the standard trajectory of early-stage pilot programs. As noted above, we hypothesize that farmers struggled to pay their loans in large part because many chose to keep their maize for their own consumption, rather than sell it for income. We finished the 2019 season with a loan repayment rate of 90%. We believe the low repayment rate was partially due to farmers forming groups haphazardly to meet minimum enrollment thresholds; this year, we are taking steps to promote group cohesion to increase repayment rates. We also anticipate that our cash-crop support (yams) will help improve repayment performance, as farmers have more cash income on hand to put toward their loans.

### **Looking Ahead**

For the 2020 season, One Acre Fund Nigeria closed enrollment in early April, at the same time the COVID-19 crisis was beginning to intensify. We enrolled approximately 1,800 clients; due to normal attrition (not all farmers make their pre-payment in time for input delivery), we expect our final scale to be in the range of 1,450-1,600 clients. This total may depend on the impact of COVID-19 and the potential cash constraints families experience.

Our Nigeria team is implementing a number of strategies to protect clients and staff during the COVID-19 outbreak and ensure continued service. Like all country programs, our office staff are working from home. Our field team has been trained on COVID-19 precautionary measures, and we are delivering soap to farmers and providing hygiene trainings by video. Our input delivery in late April/early May will be condensed to three days, and we have scheduled deliveries in smaller clusters to prevent crowds. For agricultural trainings, we have suspended group meetings in favor of one-on-one interactions between Field Officers and farmers, and we are offering some trainings by video. We hope these interventions will enable farmers to realize the benefits of our program while preserving their health and safety.

Looking further ahead, Nigeria's massive market places an even higher premium on rapid growth. As our intensive core program presents a somewhat slower pathway to scale than a partnerships approach, we are beginning to simultaneously undertake early testing of systems change programming in the country. As a reminder, this work seeks to fill gaps in broader agricultural systems, partnering with public and private actors to achieve broad, highly scalable impact. For instance, one 2020 Nigeria systems change trial involves partnering with the for-profit social enterprise Hello Tractor to allow clients to schedule tractor services via their mobile phones. As Nigerian farmers have larger land sizes than many of our other program countries, this innovative service should help reduce labor time and field costs. We plan to explore additional opportunities for systems-level partnerships in Nigeria over the coming years.

### **V. Kenya Update**

One Acre Fund has spent more than a decade blanketing Kenya's western regions, the country's breadbasket, and we are now taking our model to new geographies in one of Africa's largest agricultural economies. With Focusing Philanthropy's support, we expanded into Central, Rift Valley, and Eastern

Kenya in 2018 and 2019, unique areas with potential for rapid scale and depth of impact. The table below provides an update on our key metrics.

Kenya: Key Metrics	2018 (actual)	2019 (actual)	2019 (target)	2020 (target)
<b>Scale:</b> Total number of farmers served in Kenya	364,000	408,500	406,000	510,000
<b>Scale:</b> Number of farmers in expansion areas (Rift Valley, Central, and Eastern) in Kenya	21,979	48,520	48,000	85,000
<b>Scale:</b> Est. number of beneficiaries in expansion areas	131,874	291,120	288,000	510,000
<b>Impact:</b> Average new income per farmer in Kenya	\$90	\$102	\$125	\$130
<b>Sustainability:</b> % of Kenya program field expenses covered by farmer loan repayments	83%	79%	88%	90%

- Scale:** Our expansion areas in Kenya experienced solid growth in 2019, more than doubling the number of farmers served the year prior for an on-target result of ~48,500 families. We are pleased with this result, considering that many farmers experienced challenges from dry weather and ensuing cash constraints. Ultimately, we view our 2019 scale as a strong sign that Kenya’s expansion regions represent promising territory for One Acre Fund. Looking further ahead, we have finished enrollment for the 2020 season and expect to meet this year’s growth target for Kenya expansion areas (see Looking Ahead section below for further updates).

- Impact:** Our Kenya program experienced a second year of challenging impact in 2019, primarily due to adverse weather. Poorly timed rains meant that maize yields were lower than expected. Still, One Acre Fund remained a good investment for the average farmer – we estimate that Kenyan farmers achieved 43% higher incomes than their non-enrolled neighbors on activities we support. To preserve and deepen our impact moving forward, we are focused on improving farmer resilience through increased crop and income diversification (e.g., agroforestry, livestock, and other cash crops). We are running a number of distinct crop diversity trials in Central region, where farmers are already accustomed to growing a range of crops beyond maize (see Looking Ahead section below) and where we see strong potential for added impact. We are also working to optimize our input delivery schedule to better meet the needs of farmers in the northern part of Central region, where the rainy season is timed differently than our other program areas in Kenya.



*Mercy Wangoi, a farmer in One Acre Fund’s expansion area of Central Kenya, hangs her maize to dry. She doubled her harvest after joining the program. Her family is no longer hungry, and she has income left to pay school fees for her three grandchildren.*

- Sustainability:** Impact challenges affected loan repayment in 2019, causing us to fall short of our sustainability target. We estimate that 79% of our field costs were covered by farmer loan repayments, compared with our deliberately ambitious target of 88%. We remain focused on improving efficiency as we grow, including by increasing our number of farmers per field officer and rolling out technical innovations such as tablets, which reduce labor time at enrollment and improve data accuracy. Our Kenya program’s social return on investment (SROI) also remains strong, with an estimated \$3.80 in impact generated in 2019 for every \$1 in donor funding.

## **Looking Ahead**

After two seasons of impact challenges and climate volatility, our entire Kenya program is prioritizing farmer resilience in 2020 and beyond. Promoting crop and income diversification is a key strategy toward this end, and we believe that our growing operations in Central province can powerfully model related innovations, as farmers there already cultivate a wide range of crops. This season, expansion districts in Central province are trialing a number of cash crops including macadamia, soybeans, and sorghum. In addition to improving households' ability to weather shocks and bolstering farmer incomes, these trials can also unlock important benefits for family nutrition.

Building resilience for Kenya's smallholders is even more crucial in the face of COVID-19, which is prompting a range of additional program adaptations. Fortunately, we completed our main input delivery for this season before the country's outbreak, and based on current enrollment figures, we expect to meet our scale target for the year. Further, thanks to the concerted efforts of our field team, we were able to significantly accelerate our second input delivery for the season (including products such as solar lights and top-dress fertilizer) to span only 9 days instead of the usual 25. Such rapid iteration is helping ensure that our clients still have access to the technologies they need to generate strong crop yields. While it remains too early to forecast harvest or impact results, in anticipation that some farmers may experience financial strain, we are exploring new mechanisms to sustainably forgive loans or provide flexible deferment.



*Trucks loading at a One Acre Fund warehouse in Kenya. Our staff increased the number of trucks and loaded up to 50 a day to accelerate our second delivery this year.*

As in Nigeria, our Kenya team has also put in place measures to promote staff and farmer safety and ensure continued service during the COVID-19 crisis. We have delivered physical distancing trainings to staff and are providing COVID-19 health trainings to farmers via one-on-one Field Officer interactions, as well as SMS text messages; we are also delivering soap to all clients. Meanwhile, we are rapidly digitizing our core model to ensure continued farm productivity. In addition to continuing to collect loan repayment via mobile money, staff will now provide remote farm trainings via video and SMS and will conduct "virtual field visits" over the phone. Kenya's advanced digital platforms, which have significant penetration across our expansion areas, are key assets as we adapt to this new context

## **VI. Conclusion**

Focusing Philanthropy's multi-year, multi-country investment has catalyzed One Acre Fund's growth in two uniquely promising contexts, enabling thousands of rural families to embark on pathways out of extreme poverty. Our expansion campaign in Nigeria and Kenya has allowed One Acre Fund to bring life-altering services to entirely new smallholder populations, putting us closer to our goals of creating continent-wide impact and reaching 4 million African farmers by 2030. As the COVID-19 crisis creates new uncertainties across the continent, One Acre Fund remains open for business, and more committed than ever to smallholder prosperity. Continued farm production is vital for both individual families and broader communities across Africa, and we stand ready to face this crisis with the farmers we serve.

We are deeply grateful for Focusing Philanthropy's partnership, which over the years has helped so many families live more prosperous lives and stand on firmer footing for unpredictable challenges. While our Eradicating Hunger Across Africa campaign has come to an end, your investment will continue to have an impact on families for years to come. On behalf of Peter Wachira, a One Acre Fund client in Central Kenya (featured in the Appendix below) and all of the farmers we serve, thank you for your steadfast support.

## Appendix: Peter's Story

Peter Wachira, a 38-year-old farmer from Gaturia village in Central Kenya, had never seen so much maize in his life.

Peter joined One Acre Fund in 2018 after a neighbor, a staff field officer, encouraged him to enroll. He was skeptical that his farm could produce enough maize to feed his family. For years, he had harvested no more than 2 bags of maize from his quarter acre of land. He, his wife, and their two daughters were used to being hungry. Ultimately, he decided to join the program because he was curious about it and felt he had nothing to lose.

For the first time, Peter used improved inputs including hybrid seeds on his farm. He also learned from a One Acre Fund training session that for years he had been waiting too late to plant his crops. Peter followed One Acre Fund's advice and planted earlier and spaced his seeds evenly in rows. When harvest time came, he collected 5 bags from his small piece of land, the most he'd ever gotten before.

"I was thrilled," Peter says. "I remember my wife and I just stared at the maize we had stocked in wonder, and didn't say anything to each other for almost fifteen minutes. We both lacked the right words to describe how we felt at that moment."

Peter also got Sukuma wiki, a local vegetable, from One Acre Fund. He sold some of his Sukuma harvest for income. His family consumed all of their maize. For the first time, they didn't have to buy any at the market.

"I didn't want to sell any maize, because I wanted to get my revenge against hunger," Peter says with a laugh. "There were days that we would only have one meal a day. We now have three meals or even more because now we have plenty of food."

In the future, Peter plans to enroll more land with One Acre Fund, in hopes of increasing his income. He hopes to send both of his daughters, ages 10 and 16, to university when they're older.



*Peter Wachira, a farmer in One Acre Fund's expansion area of Central Kenya, more than doubled his harvest after joining the program.*